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ment that the limitation on bank circulation in the United States was removed in 1871; page 316, the inflation bill of 1874 is described as proposing to add \$400,000,000 of greenbacks to the circulation; and pages 331 and 332, the statements that gold certificates are issued only in denominations of \$20 and above and greenbacks \$10 and above, and that the Treasury notes of 1890 are reissued when redeemed at the Treasury. Also there are some evidences of careless or ambiguous statement; as for example, pages 123 and 130, "incontrovertible" paper money; and page 182, a rather inadequate explanation of the leading position of London as a financial center.

For American readers the most valuable part of the book will be that dealing with the early history of coinage in Great Britain, and perhaps the chapters on Indian and colonial currencies. As a brief source of information on these subjects it is valuable; but everything relating to banking and to the monetary history of the United States is available in better form elsewhere.

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*Das französische Bankwesen mit besonderer Berücksichtigung der drei Depositengrossbanken.* By EUGEN KAUFMANN. (Tübingen: J. C. B. Mohr. 1911. Pp. xii, 372. 8 m.)

*Die Entstehung und Entwicklung der grossen französischen Kreditinstitute mit Berücksichtigung ihres Einflusses auf die wirtschaftliche Entwicklung Frankreichs.* By BERNARD MEHRENS. (Stuttgart: J. G. Cotta. 1911. Pp. ix, 360. 8 m.)

Most of the writers on European banking have given well nigh exclusive attention to the great central banks and to problems arising from the issues of bank notes. Happily the subject is at length receiving more comprehensive treatment. In the works of Riesser, Prion, and others satisfactory accounts are to be found of all the various kinds of German banking institutions, together with careful analyses of the working of the system as a whole. In these volumes by Kaufmann and Mehrens a good beginning is made towards the accomplishment of a similar service for France. Of the two, that by Kaufman is, as its title indicates, the more comprehensive in scope; it is also the more valuable in other respects. Mehrens gives, from readily accessible sources of information, a good straightforward account of the four great French

deposit banks, but his work contains little not to be found in Kaufmann's, who clearly possesses a more intimate, first-hand knowledge of the working of the French banking system. While a highly creditable performance for a doctor's thesis, Mehrens has been so unfortunate as to have his work completely superseded at the moment of publication. This is all the more true because it happens that the conclusions of both writers are strikingly similar on the one banking question which is the subject of controversy in France at the present time.

Banking concentration has gone further in France than in any other country, and in recent years there has been a rather acrimonious discussion among French financial writers regarding its effects. Both these presumably impartial foreign writers agree that in some respects this concentration has been unfavorable to the economic development of the country; partly on account of the curtailment of personal credit, and also because the great banks have accentuated the tendency to invest French savings in foreign countries. Both writers also agree that the extent of banking concentration in France and its consequences are in no small measure the result of special circumstances, peculiar to the country. Making every allowance for such special influences, however, the situation in France does seem to furnish some slight ground for satisfaction that branch banking has not been permitted in the United States. Notwithstanding very great differences in structure and methods, the rapid growth of large banks with numerous branches and the gradual disappearance of the independent local bank have been during the last twenty years the most striking features of banking development in all countries in which branch banking is permitted. The large bank with branches is in a position to provide superior facilities of a routine nature, such as those for making payments at a distance, and the purchase and sale of securities. It can also offer more attractive terms to the very best class of borrowers. The local bank has commonly found the remaining business either unprofitable or subject to such risks that absorption or liquidation if not failure was inevitable. In France the process of concentration has gone farther than in other countries, largely it would seem because local or provincial banking institutions were not fully developed in the seventies, when the three great deposit banks adopted the policy of general expansion. Their growth has, therefore, not been so

much the result of the absorption of local banks as in parallel instances elsewhere. At the most in many parts of France, it has simply prevented the development of strong local or provincial banks.

The results of banking concentration in France have not been exactly what at first sight might have been expected. There is active competition between the great banks, but it is largely confined to competition for deposits and for the business of a limited class of borrowers, those enjoying the very highest credit or possessed of first class securities. Criticism of the great banks is directed towards matters of an entirely different nature. On account of the character of their obligations to their depositors, and as a result of necessities arising out of their widely extended organization, the range of operations in which the great deposit banks venture to engage is an extremely narrow one. Managers of branches are allowed no initiative, and must refer all matters of even moderate importance to the central office. All loans and discounts are avoided, except those of the highest class, a special preference being shown for the best grade of commercial paper. Loans which might be granted by a local banker, based upon his judgment of the honesty and ability of the borrower, are unknown. This is the greatest defect of the large bank with many branches, and that it is more in evidence in France than elsewhere is, in a measure, due to special causes. The deposits of the great banks are principally in the nature of saving deposits; they are payable on demand, but the banks have no authority to require notice of withdrawal in emergencies, as in the case of saving deposits in this country. Moreover the failures of the *Union Générale* in 1882 and the *Comptoir d'Escompte* in 1889 seem to have lasting consequences. Depositors are peculiarly susceptible to distrust at the slightest sign of weakness and the managers of the great banks seem at all times to be strongly impressed with the necessity of keeping their assets in a highly liquid condition.

In addition to their lending operations, the great deposit banks undertake only one other important kind of business, the marketing of securities. Here again the large size of the banks exerts a potent influence; decisions regarding the securities to be offered their depositors is an affair for the central office alone; and the organization is too large to concern itself with small issues of securities. Moreover the managers are most unwilling to put out

securities, the yield or the market price of which is subject to much variation, lest the credit of the banks be unfavorably affected, not only as investment bankers, but also with their ordinary depositors. The tendency is overwhelming to confine attention to large issues of securities and particularly to those of governments and municipalities. Comparatively little is invested through the great banks in French industrial enterprises. Now, while all admit that by no means all French current savings could find profitable employment at home, it is felt that the great banks accentuate the tendency toward foreign investment to a regrettable degree, judged from the point of view of the economic development of the country. The evils of the present situation have led local bankers to bestir themselves, and by organization among themselves, and by means of a bank representing them in Paris, it is hoped that something may be accomplished.

The effects of extreme banking concentration is the most generally interesting problem in French banking, but much more than its discussion is to be found in Kaufmann's book. It contains among others, chapters on the bank of France, the *Crédit Foncier*, the organization of the Bourse, and also one about the investment of private banks in Paris and the provinces. The various kinds of loans made by banks in France, the organization of the great deposit banks and their relations with their employees, are other topics considered.

It is not too much to say that Dr. Kaufmann's volume is the most indispensable book on French banking which has yet appeared.

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*The Rise of the London Money Market, 1640-1826.* By W. R. BISSCHOP. Preface by H. S. FOXWELL. (London: P. S. King and Son. 1910. Pp. 256. 5s.)

This book, first published in Dutch at the Hague in 1896, was translated into English at the request of Professor Foxwell. It covers the most obscure period in the history of English banking, a period which can never be treated with entire satisfaction until the Bank of England gives students access to its records. Nevertheless Mr. Bisschop has thrown light on many dark places. On page 9 of the preface, Professor Foxwell fairly summarizes his accomplishments in the following statement: